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August 7, 1996

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Mr. William F. Caton  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

Re: Notification of Permitted Ex Parte Presentation  
RM 7913

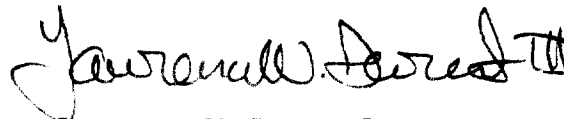
Dear Mr. Caton:

COMSAT Corporation, by its attorneys and pursuant to Section 1.1206(a)(1) of the Commission's rules, hereby submits an original and one copy of this memorandum regarding a permitted written ex parte presentation to a Commission official regarding RM 7913.

Yesterday, the undersigned presented the enclosed written communications to John Stern of the International Bureau.

Kindly direct any questions regarding this matter to the undersigned.

Respectfully submitted,

  
Lawrence W. Secrest, III

Enclosures

cc: John Stern

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# Today's Regulatory Situation

<b>Regulatory Requirement</b>	<b>COMSAT</b>	<b>AT&amp;T</b>	<b>Separate Satellite System</b>
<b>Tariff</b>	<ul style="list-style-type: none"> <li>✓ Full Dominant with Cost Justification</li> <li>✓ 45 Day Notice</li> </ul>	<ul style="list-style-type: none"> <li>• Int'l – Non-Dominant, No Cost Justification</li> <li>• One Day Notice</li> </ul>	
<b>Rate of Return</b>	✓	<ul style="list-style-type: none"> <li>• Price Cap</li> </ul>	<ul style="list-style-type: none"> <li>• Completely Unregulated</li> </ul>
<b>Structural Separation</b>	✓		
<b>Section 214</b>	<ul style="list-style-type: none"> <li>✓ Dominant Carrier</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Dominant</li> </ul>	<ul style="list-style-type: none"> <li>• Not Even a Common Carrier</li> </ul>
<b>Geographic (Barrier to Entry)</b>	✓		
<b>Capitalization</b>	✓		



# Examples of Customer Frustration with Current Regulation of COMSAT World Systems

## **COMSAT World Systems**

Customers must arrange for "matching orders" from foreign Signatories; CWS may not provide foreign half circuits.

Customers must arrange separately for earth station services; CWS may not offer earth station services.

Customers must wait for tariffs to become effective. Because CWS remains subject to full "dominant carrier" regulation, new service is delayed at least 45 days, and more if competitors object. CWS is also required to disclose competitive cost support data.

Customers denied ability to obtain individually tailored services and prices to meet their specialized needs; CWS must charge same filed rate to all similarly-situated customers.

Customers' ability to obtain both domestic and international satellite services on a routine basis not available through CWS.

## **Separate Satellite Operators (SSOs)**

SSOs may provide whole circuits, so customers get the benefit of one-stop shopping.

SSOs may provide earth station services, so customers again get the benefit of one-stop shopping.

SSOs can offer instant service capability; as non-carriers, they are subject to no Title II regulation whatsoever, and need not reveal their cost structure.

SSOs use CWS tariffs as a "price umbrella", then negotiate off-tariff deals with preferred customers, modifying their prices and discriminating as required.

SSOs have always been allowed to provide incidental domestic service, and now are allowed to provide "pure" domestic service as well. Remaining PSTN interconnection restrictions expire this year, too.